

2003 Better Government Competition

Facilitating Privatization

Virginia's Commonwealth Competition Council

Phil K. Bomersheim

Executive Director, Commonwealth Competition Council

WINNER

**■ CATEGORY:
EFFECTIVE PUBLIC
MANAGEMENT**

THE PROBLEM

As state and local governments struggle to provide services to an ever-demanding public with inadequate financial resources, continuous improvement, outsourcing, and privatization of government functions are becoming increasingly necessary. Taxpayers expect their government to deliver products and services commensurate—at least in their own minds—with what they pay in taxes. The problem is how to pay for these services without breaking the bank or raising taxes through the roof.

Many government positions mirror private sector jobs, or in government jargon “commercial” activities, such as payroll, check preparation, etc. By rarely subjecting commercial tasks performed by state government to competition, agencies insulate themselves from the pressures that produce quality service at a reasonable cost in the marketplace.

The use of different accounting systems often hampers comparisons between public and private service provision. Furthermore, government looks at business proposals with suspicion. Mutual distrust is perpetuated by a lack of communication and understanding of how government works. Combine this with the fact that government organizations are complex, risk averse, and difficult to change.

The result is that competition between public and private providers remains an unfilled management promise. A statewide strategy for injecting competition into public service delivery can produce improved and more efficient public service at a reduced cost to the citizens.

As Virginia prepared for the 21st century, practicality dictated the development of more productive but less costly government institutions. Decision support tools were needed to assist managers in their quest for increased productivity and cost-effective performance. A compelling need for change in Virginia government was also rooted in the reality that recent growth of government required extraordinary management. After five years of accelerating revenue growth, substantial new spending commitments, and more than 50 new tax breaks, the Governor of Virginia faced the task of wrenching state government spending back into line with sustainable revenues. Virginia needed to cope with a budget shortfall in the billions for FY 2002, FY 2003, and FY 2004. For only the second time since 1962, the projected general fund revenue declined between FY 2001 and FY 2002.

Competition between public and private providers remains an unfilled management promise. A statewide strategy for injecting competition into public service delivery can produce improved and more efficient public service at a reduced cost to the citizens.

EFFECTIVE PUBLIC MANAGEMENT WINNER

Virginia is not alone. Virtually every state, including 9 of the 10 states in the Southeast, saw record declines in their income tax collections this past spring. With or without efficiencies in government, government officials in Virginia and elsewhere will be forced to make unprecedented budget reductions to offset the declining revenues.

THE SOLUTION

The first act of Governor George Allen in 1994 was to establish a Commission on Government Reform, known as the Blue Ribbon Strike Force, which would reinvent state government through constructive change. The commission was asked to examine every aspect of the executive branch of state government and recommend ways to improve state services. One of the recommendations coming out of this study was to develop an institutional framework for a statewide competitive government program through legislative formation of a Governor's Council on Competition. The council would

- design a comprehensive statewide program to identify, evaluate, and recommend, in conjunction with agency leadership, opportunities for privatization
- develop a process to review already privatized services to assure that savings are realized
- develop and recommend innovative programs to reduce the impact of privatization efforts on personnel.

The council would provide the Commonwealth with an effective system to identify and encourage opportunities for competitive contracting. Council membership would be drawn from the legislature, the private sector, and gubernatorial appointments. It was envisioned that an agency delivering a service that could be privatized would conduct management feasibility studies and submit them to the council. The council's determination would be based on established criteria and would consider both the agency's studies and recommendations from the Department of Planning and Budget. The council would then submit its recommendations to the governor for approval. If approved, the agency head would implement the recommendation with assistance from the council.

It was the intent of the Strike Force that a Virginia competition council would effect far-reaching reform of state government contracting procedures. It would serve as a model for improving government services and saving money at the same time. In 1995, the Virginia General Assembly and the Governor signed into law the Government Competition Act of 1995, creating the Commonwealth Competition Council, and the rest is history. Since its creation, Virginia's Commonwealth Competition Council has helped government to work better, cost less, and get the results citizens expect.¹

Providing value to the customer—the taxpaying citizens of Virginia—was the driving force behind the creation of the Commonwealth Competition Council. Value is made up of three components:

- full price or cost of the function
- quality and quantity of the function
- desired level of customer service satisfaction.

Customer service satisfaction is crucial as it may at times be necessary to spend more to achieve a desired satisfaction level.



¹ A chronology outlining specific activities and operations of the Commonwealth Competition Council is shown in Appendix A.

**EFFECTIVE PUBLIC
MANAGEMENT
WINNER**

Innovation, continuity, and training are key elements of the processes advocated by the Competition Council. Competition is a tool to get continuous improvement and cost savings. It also eliminates obsolete processes and redundant layers of bureaucracy. Innovative concepts supported by the council, such as government ESOPs, provide new paradigms for employees.

Training state employees to use the Competition Council's decision support tools helps transfer business practices to the public sector. The council is encouraging and rewarding innovation and entrepreneurship in top and middle management. Virginia's workforce is becoming a high-performance organization and achieving new levels of productivity and customer service.

Tools for Change

The Commonwealth Competition Council provides a comprehensive approach to helping organizations understand the dynamic interaction of business administration and public administration required for successful outsourcing and to assure a level playing field for all participants. The council serves as an entry point for business seeking to partner with government and helps leverage business proposals to benefit citizens.

The council provides a variety of decision support tools for government managers as well as a transparent process affording both the public and private sectors the required degree of neutrality. The decision support tools guide government employees in selecting and implementing competitive government actions. As envisioned by the Blue Ribbon Strike Force, the council developed a competition-neutral five-step process for state agencies to use in conducting management feasibility studies. The Competition Council's open and credible process sets the standard for informed competitive sourcing decisions.

All of the Commonwealth Competition Council services are accessible 24/7 through the council's web portal at <http://www.egovcompetition.com>.

COMPETE

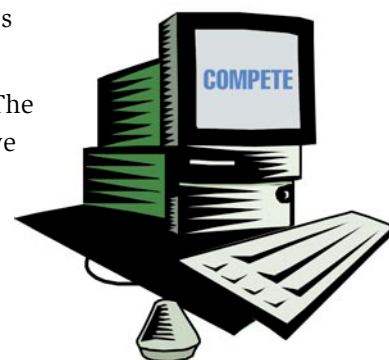
One of the biggest obstacles to conducting a reliable, fair, and effective analysis of government initiatives has been developing a user-friendly methodology for an apples-to-apples comparison of government and private industry. Almost every time privatization was discussed, the question was asked, "Did it save money?" Many times the answer was that different accounting systems were used, and an accurate comparison was not possible.

To combat this obstacle, the Commonwealth Competition Council developed a PC-based cost comparison computer program called "COMPETE." It computes the full cost of a government activity and provides a unit cost that can then be compared with business costs for the same unit.

COMPETE enables state agencies and institutions to develop fully allocated costs. The program is designed to provide the key evaluation metrics needed to make a competitive sourcing decision:

- fully allocated cost of a government function or activity
- unit or activity cost for service outputs
- competition-neutral cost comparison for public and private options
- business process re-engineering tool.

Training state employees to use the Competition Council's decision support tools helps transfer business practices to the public sector. The council is encouraging and rewarding innovation and entrepreneurship in top and middle management.



EFFECTIVE PUBLIC MANAGEMENT WINNER

COMPETE provides reliable and complete cost data on an accrual accounting basis to support informed decisions on competitive government. This makes the decisions easier to implement and justify to potential critics. COMPETE can be used by any government organization to reengineer business processes. It allows an agency to determine fully allocated costs, compare alternative business proposals, and set benchmarks to measure contract performance. COMPETE solves the problem of inadequate cost information. No longer do decision makers need to accept an agency's failure to use full costs to track and compare the quality and value of services.

Commercial Activities Inventory

The council developed the first state-level inventory of commercial activities performed by state government. Virginia had never looked at the services it provides in terms of what is and what is not core government. The surveys were not designed to evaluate quality or cost of services, but to assist Cabinet Secretaries, agency heads, and heads of institutions in reviewing the consistency of how activities are performed and to invite meaningful dialogue among and between management personnel.

This statewide database of commercial activities performed by state government helps managers answer the question, "How effective is your government organization?" Through a survey of all state agencies and institutions, the Competition Council discovered that more than one-third of the state's workforce perform commercial activities—tasks like data collection, administrative support, and payroll services—that is 37,555 employees spending 66,698,095 productive hours annually on 205 such activities.² (These numbers do not reflect some six agencies that did not respond to the survey.)

This information is in a web database with full search capability to permit analysis by government, citizens, or the business community. The database lists the commercial activities performed by agencies and institutions, including the number of full-time equivalent (FTE) positions involved in providing the service.³ Agencies can use this information to seek ways to evaluate the costs, benefits, and possible consequences of alternative strategies to accomplish their respective objectives. The database permits business to identify opportunities and submit proposals that can benefit government. It is Virginia's answer to the Federal Activity Inventory Reform Act and the corresponding commercial activities inventory of functions performed by the federal government.

eGov Toolkit

A complete suite of decision support tools for government managers is available on the Competition Council website at <http://www.egovcompetition.com>. The detailed "how to" information in the eGOV Toolkit empowers managers and employees at all levels to define, measure, analyze, improve, and control their operations.

Features include a searchable state best practices database to bring further visibility to good government and to allow others to build their programs on previous successes. This interactive resource provides an organizational and analytical structure and sets the standard of success. This helps government intelligently deploy limited resources, significantly improve operations, and function more effectively in a highly competitive, citizen-oriented marketplace.

² Published as "1999 Commercial Activities being performed by Virginia Agencies and Institutions as reported to the Commonwealth Competition Council" by the Commonwealth Competition Council. Full database appears on the Council's web site: <http://www.egovcompetition.com> (click on Commercial Times). Survey appears in Annual Report of the Commonwealth Competition Council to the Governor, the General Assembly and the Small Business Commission, Commonwealth of Virginia, Richmond, 1998.

³ An FTE is defined in this case as 1,776 annual productive work hours for an employee. It excludes non-productive time such as vacation, training, sick leave, military leave, etc. While the numbers reflected in the database are based on the federal level of 1,776, it is recognized that an FTE for Virginia government is budgeted at 2,080 hours annually.

COSTS AND BENEFITS

Effective government benefits all citizens of the Commonwealth of Virginia and provides value for their tax dollars. The citizens, government employees, and businesses are all direct beneficiaries of the Commonwealth Competition Council's innovations and programs. The council's most important benefit is its permanent structure, which provides continuity as well as independent, nonpartisan oversight for competitive government.

Virginia government is undergoing a cultural revolution guided by the principle of stewardship. Virginia government is refocusing its mission on the customer and away from bureaucratic requirements and burdensome regulatory and administrative edicts. It is forging a close relationship with the private sector to take advantage of its competitiveness.

This new orientation has served Virginia well in the fiscal crisis facing this Commonwealth and the rest of the nation. The budget for Virginia has been reduced by some \$6.1 billion since the inauguration of Governor Mark Warner in 2002 due to the recession and declining revenues. A declining stock market, soft growth, and poor earnings forecasts continue to spell a weakened economy. Slow economies often mean less revenue for governments. Virginia has experienced the sharpest decline in revenues since the Tax Department began keeping records.

The Department of Planning and Budget issued its only report on privatization efforts in January 1998 following the administration of Governor George Allen. This report examined both the quantitative and qualitative impacts of privatization on Virginia's state government. State agencies were asked to complete a survey and provide the following information:

- cost of performing a specific service for 12 months before privatization and the cost afterwards
- any one-time costs or savings privatization produced
- comparisons of revenues generated under public and private operation, when applicable
- changes in the level of service output (positive or negative) expressed as a percentage
- number of full-time equivalent employees (FTEs) used to provide the service before and after privatization.

For the purposes of the report, the Department of Planning and Budget defined several terms:

- “*annual savings*” (or increase) referring to the difference between the cost to provide a service for the 12 months before privatization and an annualized figure, adjusted for change in output (where applicable), for the cost to provide it post-privatization
- “*total savings*” (or increase) referred to all savings or cost increases since privatization, whether the service had been privatized only two months or the full 38 that were the scope of the study. This figure was reached by taking the annual savings or increase for each service, dividing by 12 and then multiplying by the number of months the service had been privatized. For those services privatized for less than



Virginia government is refocusing its mission on the customer and away from bureaucratic requirements and burdensome regulatory and administrative edicts. It is forging a close relationship with the private sector to take advantage of its competitiveness.

EFFECTIVE PUBLIC MANAGEMENT WINNER

a full year, the total figure is less than the annual amount; for those services privatized more than one year, the total is more than the annual amount.

- “*post-survey savings*” (or increase) are savings or cost increases for the period between August 31, 1997, and June 30, 1998. These figures use annualized data to estimate the savings or costs from the end of the survey period through the remainder of FY 1998, thus providing data for four years of privatization.

The Department of Planning and Budget documented a total of \$186.4 million in savings or increased revenue from privatization through the end of 1997. Selected portions of the report reflect significant savings, as shown in table 1.

Table 1. Selected Privatization Results Through 1997

Secretariat	# Agencies	# Privatized Activities	Annual cost Before Privatization	Annual cost After Privatization	Annual Savings ^a	Total Savings ^b	FTEs Saved
Administration	3	7	\$614,297	\$518,539	\$95,758	\$165,581	14
Commerce and Trade	5	13	\$952,624	\$596,127	\$356,497	\$724,949	23
Education	21	63	\$18,344,529	\$10,627,602	\$7,716,927	\$16,279,491	402
Finance	3	4	\$56,488	\$36,734	\$19,754	\$32,500	3
Natural Resources	4	6	\$374,944	\$271,536	\$103,408	\$90,926	6
Public Safety	3	5	\$3,495,122	\$2,137,531	\$1,357,591	\$837,025	45
Transportation	2	7	\$3,329,055	\$1,552,761	\$1,776,294	\$3,413,672	51
Total	41	105	\$27,167,059	\$15,740,830	\$11,426,229	\$21,544,144	544

Source: *Report on the Privatization Efforts of Executive Branch Agencies in the Commonwealth of Virginia, An Issue Analysis*, Planning and Evaluation Section of the Virginia Department of Planning and Budget, January 1998. Available in paper copy only. Savings from Health and Human Resources Secretariat outlined below.

^a Annual savings for initiatives from July 1994 through August 1997 (beginning dates for privatized efforts ranged from July 1, 1994, through June 30, 1997)

^b Total savings for the survey period (July 1994 through August 1997)

The Health and Human Resources Secretariat also documented \$8.7 million in annual savings. Eleven HHR agencies privatized 46 activities during the time period of the Department of Planning and Budget analysis, with a reported 155 full-time equivalent positions saved. Several activities have applicability to other states:

- The Department for the Aging privatized its long-term care ombudsman program with the goal of bringing this service closer to customers where it was seen to be most effective. The agency reported \$139,323 in total savings with a 5 percent increase in service level. Before privatization, this activity had 9 programs covering 49 locations; at the time of the report, 13 programs covered 97 locations.
- Woodrow Wilson Rehabilitation Center serves individuals with physical, mental, sensory, and emotional disabilities. When provided in-house, pharmacy services generated annual revenues of \$19,016. Under privatization, it was reported that the service level remained constant but annual revenues rose to \$70,047, an improvement of \$51,031; total improvement was \$85,052.

EFFECTIVE PUBLIC
MANAGEMENT
WINNER

- The Department of Health Professions conducts examinations to test minimum levels of competency for practitioners desiring to enter various health care fields. It privatized its copy center operations, reporting a 30 percent increase in service level, while annual costs dropped from \$216,060 to \$90,090; total savings were \$409,403.
- The Department of Health reported costs for minority HIV education services in Portsmouth dropped from \$184,516 to \$42,252, an annual savings of \$142,624; total savings were \$308,239. The department reported a 50 percent increase in service level, citing growth in staffing and enhanced quantity/quality of outreach services provided.
- The Department of Medical Assistance Services is required to perform reviews of Medicaid providers' billing practices. The agency entered into a contract with a vendor to supplement the current staff of the unit. Service levels were estimated to increase by 21 percent, and recovery of funds resulting from inappropriate billing from providers went from \$1.5 million in-house to \$3.1 million under privatization, an annual increase of \$1.6 million.
- The Department of Mental Health, Mental Retardation, and Substance Abuse Services reported strong privatization performance at several of its facilities. Under privatization, the cost for patients' laundry at Southwestern Virginia Mental Health Institute dropped from \$214,105 to \$28,548, an annual savings of \$185,557 with 5 fewer employees. Total savings were \$432,966.

Although a comprehensive report has not been done since January 1998, significant cost-saving initiatives have been implemented during the last five years:

Increased cost-effectiveness in Virginia agencies and institutions can be seen in the improved performance of the student loan programs (the state realized \$59.3 million from the sale of the Virginia Education Loan Authority), and other initiatives such as child support enforcement offices, drawbridge operations, warehouse and distribution systems, and landfill operations.

Increased cost-effectiveness in Virginia agencies and institutions can be seen in the improved performance of the student loan programs (the state realized \$59.3 million from the sale of the Virginia Education Loan Authority), and other initiatives such as child support enforcement offices, drawbridge operations, warehouse and distribution systems, and landfill operations.

The following are examples of savings from selected projects:

\$34 million	Savings resulting from changes in Wise County landfill management
\$32 million	Elko tract development costs assumed by Henrico County in lieu of state expense
\$7.5 million	CCC recommendation provided revenue for Geographic Information System
\$3.9 million	Reduced food warehousing volumes for Corrections and Mental Health agencies (just in time delivery) These savings followed the Commonwealth Competition Council's report to the Governor and General Assembly on the food delivery system for the prisons and mental health hospitals in Virginia. The budget for state mental health and mental retardation facilities was reduced by \$196,658 for FY 2001 and by the same amount in FY 2002. Mental health was directed to reduce food inventory to a seven-day supply. Likewise, the on-hand food inventory for Corrections was approximately a 60-day supply. Based on an average daily consumption of \$85,000, Corrections was required to reduce its on-hand inventory to an average 30-day supply beginning July 1, 2000, and to an average 14-day supply beginning July 1, 2001. The budget for Corrections was reduced by \$2.5 million for FY 2001 and by \$1 million for FY 2002.
\$1.2 million	Surplus land sales Sale of surplus state property has returned unused property to the tax rolls of Virginia. While many properties have been sold since being identified by the staff of the Competition Council working with the Governor's Commission on Surplus Property, the most recent was land owned by Mary Washington College in Fredericksburg, Virginia. It sold for \$1.2 million.

EFFECTIVE PUBLIC MANAGEMENT WINNER

The council process is transparent and includes input from all levels of government, citizens, and business to enhance communication, which is essential. When plain facts are put forth, rational decisions can follow and consensus decisions may be reached.

Council Costs

The Commonwealth Competition Council's FY 2003 budget of \$266,782 with three full-time employees is funded by the general fund. One position is vacant due to a retirement in June 2000. Beginning in FY 2004, the Competition Council will be supported by special funds earned from a share in savings from implemented recommendations.

OBSTACLES

Critics of privatization argue that privatization has produced poor quality work, unreliability, high turnover of employees, and no real cost savings. The council's program recognizes the principles of good government, which call for process, access, and accountability. The outcome both enhances the credibility of government and facilitates business development and partnering with government. The Competition Council's open and straightforward process helps government create "value" by achieving optimum quality at the lowest price with the desired level of customer satisfaction. For the affected government employees, it assures the decision to outsource public services is scrutinized and a variety of alternatives considered for the employees.

Developing and recommending innovative programs to reduce the impact privatization efforts have on state government personnel was of paramount concern. In response to the criticism that privatization results in loss of jobs, the Competition Council includes in its mission the design of employee adjustment and incentive programs, such as retraining and placement, employee buyouts, first consideration by private contractors, pension plans, selective early retirement programs, severance pay, and outplacement programs that emulate what the private sector offers.

One of the main obstacles to government officials who are considering privatization is the lack of valid cost information upon which a sound business decision may be based. "COMPETE" solves the problem of inadequate cost information.

Another obstacle others may encounter is a lack of political willingness to embrace a new culture of government. The council's willingness and capability to challenge existing government paradigms and examine new concepts assure citizens and businesses that state government is committed to effective operation and working to achieve the best level of service at competitive prices. The council process is transparent and includes input from all levels of government, citizens, and business to enhance communication, which is essential. When plain facts are put forth, rational decisions can follow and consensus decisions may be reached.

POTENTIAL FOR REPLICATION

The Commonwealth Competition Council program can be replicated in any state or local government with the courage and desire to embrace competitive government concepts. The enabling legislation in the *Code of Virginia*, §§ 2.2-2101, 2.2-2620 through 2.2-2625, is available as a starting point for any government desiring to replicate the competitive government program. The council's award-winning web site, <http://www.egovcompetition.com>, is a valuable resource for any state, federal, or local government. Fundamental government procurement procedures are used in the council's process, and thus the process is transferable to other governments.

COMPETE is designed to work with any government entity as are the other decision support tools developed by the council. COMPETE is dynamic and will address any government's variable or cost information. The egov toolkit found on the website provides further tools for employees or managers.

The commercial activities database provides information on what commercial services are provided by Virginia government employees. The database is replicable as well.

CONCLUSION

Before fundamental change can occur in government, one has to get to a bottom line and a competitive system. Applying competition to decisions about maintaining activities in-house or moving them to the private sector addresses the institutional changes that are needed for effective government. This is why the Competition Council emphasizes its tools to achieve the end of competitive government. A privatization goal is an ephemeral thing if there is nothing to sustain it over time. The Competition Council provides the decision support tools that are needed to have all employees working for continuous improvement. Its eGOV Toolkit provides the resources to help government employees become entrepreneurs and achieve the innovations sought by government. An established resource center, the Commonwealth Competition Council helps state government organizations work better, cost less, and get the results Virginia citizens expect in the 21st century.

The Competition Council provides the decision support tools that are needed to have all employees working for continuous improvement. Its eGOV Toolkit provides the resources to help government employees become entrepreneurs and achieve the innovations sought by government.

APPENDIX A - COMMONWEALTH COMPETITION COUNCIL: CHRONOLOGY OF ACTIVITIES AND OPERATIONS

July 1, 1995	Legislation enacted into law creating the Commonwealth Competition Council, making recommendations to the Governor and General Assembly
August 1995	All 10 appointments to the council were complete, and three employees were loaned from state agencies to begin carrying out its duties. Membership consisted of one member of the House of Delegates, one member of the Senate of Virginia, four members of the private sector, and four employees of the executive branch agencies.
May 15, 1996	Process approved by the council to guide agencies and institutions in reaching appropriate competitive decisions Public/Private Performance Analysis Submittal process approved
May 29, 1996	Three staff persons employed by the council
1996	COMPETE PC program copyrighted
November 14, 1996	First-ever Competition Forum held at the Virginia Museum of Fine Arts, highlighting the elements of competition, privatization, and public-private partnerships "COMPETE" PC program released to Virginia agencies and institutions at the Competition Forum
1997	Completed legislature-mandated study with Secretary of Administration to study methods to privatize appropriate state government functions through the development and promotion of employee-owned companies

EFFECTIVE PUBLIC MANAGEMENT WINNER

July 1, 1998	<p>Membership on the council increased from 10 to 15, adding one additional member of the House of Delegates, one additional member of the Senate of Virginia, one additional member of the private sector, and two members of the private sector who shall be members of the Small Business Commission. The council began making its recommendations to the Small Business Commission in addition to the Governor and General Assembly. Commercial activities, fully allocated cost, and managed competition were among the definitions added to the council as well as an additional responsibility to review the practices of government agencies and nonprofit organizations that may constitute inappropriate competition with private enterprise.</p>
1998	<p>Working in coordination with other state agencies, completed legislature-mandated studies on</p> <ul style="list-style-type: none"> • necessary resources, staffing and other requirements to establish an employee stock ownership plan information and resource service within the executive branch • effectiveness of privatizing background investigations and security clearances on employees and contractors • effective methods and advantages to the Commonwealth of developing a gain-sharing program as a component of a managed competition process in which state government entities compete with the private sector for providing commercial activities. <p>Prepared a model contract for the collection of court-ordered delinquent fines and costs between a Commonwealth's Attorney and a private collection agent or the Department of Taxation.</p> <p>Released <i>The Privatization/Competition Manual</i></p>
1999	Published <i>A Guide to the Submission and Evaluation of Unsolicited Proposals</i>
June 1999	Released database on commercial activities being performed by Virginia agencies and institutions
1999	Studied and analyzed the food delivery system for prisons and mental health hospitals and to examine alternatives to increase efficiency and lower costs to the state's taxpayers, while supporting maximum inmate assignments within the Department of Corrections.
2000	<p>Studied the ongoing or permanent commercial activities of not-for-profit organizations and the effects of such activities on state revenues</p> <p>Established the conditions under which a public body may accept unsolicited bid proposals and award contracts without the necessity for further competitive procurement</p>
2000-2001	Web page redesigned to accommodate the commercial activities information as the Jeffersonian Principles in Action. Data uploaded to the site in a searchable format. Information available by Secretariat or agency with the summary downloaded to details of full-time equivalent positions and annual hours worked on the particular commercial activity.
2001	<p>Developed plan to implement and maintain a statewide database of nonprofit and not-for-profit entities and quasi-governmental authorities operating in Virginia that could be accessed via the Internet</p> <p>Study of the Commonwealth of Virginia minority certification program</p>
2002	Continuation of the study of authorities in Virginia

September 2002	A recommendation was made to the Governor's Commission on Efficiency and Effectiveness, the Secretary of Administration, and Secretary of Finance regarding seven commercial activity opportunity clusters. This pilot program would potentially save \$43.2 million for Virginia state government while documenting savings from commercial activities. These opportunities included advertising, publishing and copying; custodial, laundry and trash removal; check processing, distribution and reconciliation; toll collection and weigh station management; book-store operations; grounds and landscape maintenance and management; and food service operations.
April 2003	Commonwealth Competition Council and the Department of Information Technology partner in the preparation and release of a request for proposals to audit telecommunications statewide.

ABOUT THE AUTHOR

Phil K. Bomersheim is executive director of the Commonwealth Competition Council in Virginia. An independent agency in state government, the bipartisan council is charged with providing long-term strategic direction for Virginia's privatization and competition initiatives. Identifying state services that can be shifted to the private sector through a competitive process is one of the council's responsibilities to facilitate good government in Virginia. A former assistant director of architectural and engineering services for the Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services, Mr. Bomersheim has over 17 years experience in federal and state government as a leader developing and implementing privatization and competitive contracting opportunities.